



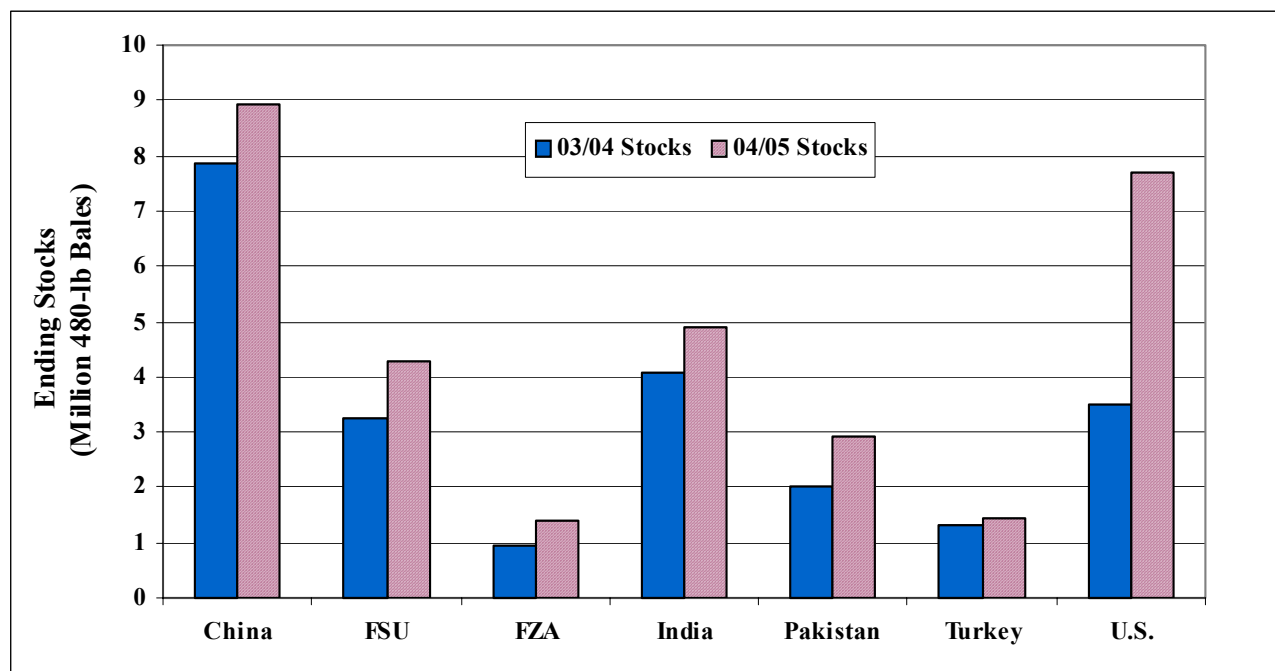
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# Cotton: World Markets and Trade

## Cotton Supply Even Larger in 2004/05



With the 1.5 million-bale increase in Pakistan's production estimate this month, the USDA's world cotton production estimate in 2004/05 is 115.6 million bales, up 22.1 percent from last year. Yields considerably above historical trends in key producing countries resulted in production over 12.4 percent higher than preliminary early season estimates from June 2004.

Lower cotton prices resulting from these large supplies have helped expand world cotton consumption. World consumption for 2004/05 is forecast at 104.4 million bales, up 6.2 percent from 2003/04. This forecast is up 4.6 percent from USDA's June forecast, which includes increases from China, India, Pakistan, and Turkey. Favorable economic growth continues to support increased global consumption. While the forecast for U.S. consumption is higher than initial forecast, a decline is expected compared to last year in the United States.

While consumption has increased, high production in consuming countries has constrained import demand and thus limited trade. The forecast for world trade remains down slightly, 2.1 percent, from 2003/04 and has increased only marginally since the original forecast in June of 2004.

Increased production forecasts in 2004/05 have raised stocks 32.3 percent above 2003/04. Stocks are forecast to be disproportionately large in the United States, up 119.6 percent. The world stocks-to-consumption ratio is 45.1 percent in January; the original forecast was 35.4 percent in June of 2004.